

S. 864

IN THE SENATE OF THE UNITED STATES

Mr. EAGLETON (for himself, Mr. PERCY, Mr. MATHIAS, Mr. ROTH, Mr. CHILES, Mr. SASSER, Mr. PRYOR, Mr. LEVIN, and Mr. SARBANES) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

A BILL

To amend the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports on the adequacy of the systems of internal accounting and administrative control of each executive agency.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the “Financial
5 Integrity Act of 1981”.

1 FINDINGS AND POLICY

2 SEC. 2. (a) The Congress hereby finds that—

3 (1) fraud, waste, and mismanagement have caused
4 a serious crisis of confidence in Federal Government
5 programs and agencies;6 (2) fraud and errors in Federal programs are more
7 likely to occur from a lack of effective systems of inter-
8 nal accounting and administrative control in the
9 Federal agencies;10 (3) effective systems of internal accounting and
11 administrative control provide the basic foundation
12 upon which a structure of public accountability must be
13 built;14 (4) effective systems of internal accounting and
15 administrative control are necessary to provide assur-
16 ance that Federal assets and funds are adequately safe-
17 guarded as well as to produce reliable financial infor-
18 mation for the agency;19 (5) systems of internal accounting and administra-
20 tive control are necessarily dynamic and must be con-
21 tinuously evaluated and where necessary improved;
22 and23 (6) reports regarding the adequacy of the systems
24 of internal accounting and administrative control of
25 each Federal agency are necessary to enable the ex-

1 SEC. 4. Section 113 of the Accounting and Auditing
2 Act of 1950, as amended (31 U.S.C. 66a), is amended by
3 adding at the end thereof the following new subsection:

4 “(d)(1) To ensure that the requirements of subsection
5 (a)(3) of this section are fully complied with, the head of each
6 executive agency, which the Director determines to be cov-
7 ered by this subsection, shall prepare a report stating an
8 opinion on the adequacy of the agency’s systems of internal
9 accounting and administrative control by December 31,
10 1982, and by December 31 following the end of each fiscal
11 year thereafter.

12 “(2) The reports shall be signed by the head of each
13 executive agency and addressed to the President. Such re-
14 ports shall also be made available to Congress and the public.

15 “(3) By December 31, 1981, the Comptroller General,
16 in consultation with the Director, shall establish a system of
17 reporting and a general framework to guide the agencies in
18 performing evaluations on their systems of internal account-
19 ing and administrative control. The Comptroller General, in
20 consultation with the Director, may modify the format for the
21 report or the framework for conducting the evaluations from
22 time to time as deemed necessary.

23 “(4) Internal accounting and administrative controls are
24 to be defined by the Comptroller General, and shall provide
25 reasonable assurances that—

1 “(i) all obligations and costs were in compliance
2 with applicable law;

3 “(ii) all funds, property, and other assets were
4 safeguarded against waste, loss, unauthorized use, or
5 misappropriation; and

6 “(iii) all revenues and expenditures applicable to
7 agency operations were properly recorded and ac-
8 counted for to permit the preparation of accounts and
9 reliable financial and statistical reports and to maintain
10 accountability over the assets.

11 Any inadequacy or material weaknesses in an agency's sys-
12 tems of internal accounting and administrative control which
13 prevents the head of the agency from stating that the
14 agency's systems of internal accounting and administrative
15 control provided reasonable assurances that each of the ob-
16 jectives specified above were achieved shall be identified and
17 the plans and schedule for correcting any such inadequacy
18 described in detail.

19 “(5)(A) The Inspector General of an executive agency
20 or, if no Inspector General exists for an agency, the head of
21 the internal audit staff, shall receive and investigate any alle-
22 gation that an employee of the agency provided false or mis-
23 leading information in connection with the evaluation of the
24 agency's systems of internal accounting and administrative
25 control or in connection with the preparation of the annual

6

1 report on the systems of internal accounting and administra-
2 tive control.

3 “(B) If, in connection with any investigation under sub-
4 paragraph (a), the Inspector General or the head of the inter-
5 nal audit staff, as appropriate, determines that there is rea-
6 sonable cause to believe that false or misleading information
7 was provided, he shall report that determination to the head
8 of the agency.

9 “(C) The head of the agency shall review any matter
10 referred to him under subparagraph (b) and shall take action
11 under chapter 75 of title 5, United States Code, or such other
12 disciplinary or corrective action as he deems necessary.”.

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contract or to cause the liquidation of a securities contract, nor shall any court issue any order preventing, staying, or otherwise prohibiting the exercise of such contractual right, unless such order is authorized under the provisions of the Securities Investor Protection Act of 1970 (15 U.S.C. 78aaa et seq.) or is required because of a threat to the national security. As used in this section, the term—

(1) "contractual right" includes, but is not limited to, a right set forth in a rule or bylaw of a national securities exchange, a national securities association, or a securities clearing agency; and

(2) "securities contract" means a securities contract as defined in section 761 of title 11 of the United States Code.

Sec. 502. No provision of Federal or State law shall operate to prevent, stay, or otherwise prohibit a commodity broker or forward contract merchant from exercising a contractual right to liquidate a commodity contract or forward contract, or to cause the liquidation of a commodity contract or forward contract, and no court may issue any order preventing, staying, or otherwise prohibiting the exercise of such contractual right unless such order is required because of a threat to the national security. As used in this section, the term—

(1) "contractual right" includes, but is not limited to, a right set forth in a rule or bylaw of a clearing organization or a contract-market or in a resolution of the governing board thereof; and

(2) "commodity contract" means a commodity contract as defined in section 761 of title 11 of the United States Code.

Sec. 503. During the period beginning on the date of the enactment of this Act and ending on April 1, 1984, the amendments contained in sections 222, 223, 224, 225, 226, and 226 shall apply to courts of bankruptcy continued by section 404(a) of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2549).

Sec. 504. This Act may be cited, as the "Bankruptcy Amendments Act of 1980".

Sec. 505. (a) Section 3 of the Military Personnel and Civilian Employees' Claims Act of 1964, as amended (78 Stat. 707, as amended; 31 U.S.C. 261), is amended as follows:

(1) By striking out "\$15,000" in subsection (a)(1) and inserting in place thereof "\$25,000".

(1) By striking out "\$15,000" in subsection (b)(1) and inserting in place thereof "\$25,000".

(b) The amendments provided in subsection (a) of this section shall apply to claims based upon damage to, or loss of, personal property which occurs after the date of the enactment.

By Mr. EAGLETON (for himself, Mr. PERCY, Mr. MATTHIAS, Mr. ROYE, Mr. CHILES, Mr. SASSER, Mr. PRYOR, Mr. LEVIN, and Mr. BARBARIS):

S. 864. A bill to amend the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports on the adequacy of the systems of internal accounting and administrative control of each executive agency; to the Committee on Governmental Affairs.

FINANCIAL INTEGRITY ACT OF 1981

• Mr. EAGLETON. Mr. President, I introduce today legislation intended to strengthen the internal accounting and administrative controls maintained by Federal agencies. This is not exactly a glamorous subject, but it is a vitally important area. Retiring Comptroller General Elmer Staats has called internal controls the "first line of defense against

fraud, waste, and program abuse," and he is entirely right.

I introduced this legislation in the last Congress, along with Senators PERCY and MATTHIAS. I am pleased that those Senators are again cosponsoring the legislation, along with Senators ROYE, CHILES, PRYOR, SASSER, LEVIN, and BARBARIS. The number of cosponsors demonstrates a growing awareness of how serious the Federal Government's vulnerability to fraud, waste, and mismanagement is, and that improved internal controls could play an important part in the battle against those afflictions.

Beginning with the revelations about GSA in mid-1978, the public has been bombarded continually with headlines reporting the staggering level of fraud, waste, and mismanagement in Federal programs. In one stunning revelation, the Inspector General at Health, Education, and Welfare estimated that between \$6.3 billion and \$7.4 billion was misspent annually at his Department as a result of fraud, abuse, and waste—at a minimum. Surveying the entire landscape, an official of the General Accounting Office, knowledgeable in this area, estimated in 1978 that fraud in Federal programs ranged from \$12 to \$15 billion annually to perhaps as high as \$25 billion.

This level of fraud, program abuse, and just plain waste in Federal programs is unacceptable. We cannot permit the squandering of billions of dollars at this time of double-digit inflation and scarce budgetary resources. It fuels the fires of inflation. It robs Federal resources which might otherwise be available to meet legitimate—even pressing—needs. It promotes understandable public cynicism about all Federal programs, eroding support for these activities.

There is no miracle cure to these problems. A government as large as ours will never be perfectly administered, and there is a morally bankrupt, but widely held notion that stealing from the Government is somehow less bad than stealing from an individual.

But there are significant steps that can be taken to improve the situation, to insure that Federal programs are administered vigilantly, and those who hold and seek Federal office have an obligation to devise constructive approaches and solutions to the problem.

At about the same time that the GSA scandal was making daily news, a GAO report stated that poor internal controls are the No. 1 problem in Federal Government agencies. A preoccupation with detecting fraud and waste after the fact obscured the possibility that weakness in internal controls may have opened the door to abuses in the first place. As Mr. Staats has stated:

Important as the detection of fraud, abuse and error is, detection should not be our primary concern as government managers. Our prime concern should be directed toward constructing systems of management control that will prevent fraud and abuse, make it more difficult, and decrease the likelihood of error and waste.

Horror stories where fraud, waste, and mismanagement can be directly attributed to inadequate internal controls abound. For example:

Over \$25 million has been paid out erroneously because of internal control weaknesses in the supplemental security income program (GAO Report, August 9, 1979).

The Department of Justice cannot adequately monitor the collection of debts because its management information system does not provide accurate and comprehensive data on such debts (GAO Report, October 25, 1979).

An IG audit of logistics operations—office supply, warehousing, and purchasing—at one NASA installation disclosed a need for several improvements in basic internal controls. Major problems were that supplies were being procured at substantially higher prices than were available through GSA, and the inventory records and supply activity data were not being adequately maintained (NASA IG report for period ending September 30, 1979).

According to the IG in the Department of Commerce, internal controls in the Bureau of the Census payroll system were inadequate to prevent duplicate payments or identify fictitious employees. Neither was the system adequate to handle the volume of transactions projected in the 1980 census year (DOC IG report for period ending September 30, 1979).

A special audit by Inspectors General of 17 agencies, released in March 19, 1980, hearings before Senator CHILES' Subcommittee on Open Government, indicates that over the last 10 years, Washington-based Federal agencies bought \$1.2 billion worth of new office furniture even though \$373 million worth of new or slightly used furniture was in storage. Agencies have no management systems to determine what furniture they have on hand before buying new items. The audit also revealed that agencies spent \$36 million on new furniture in the preceding 4 months despite a freeze imposed on such purchases by OMB and GSA.

These cases where the wrongdoing or problem was detected represent only the tip of the iceberg. The Comptroller General pointed to the existence of the iceberg in no uncertain terms testifying before the Senate Appropriations Committee early in 1979:

Based on our work we believe that all of the agencies visited are vulnerable to fraud and abuse. This is because Federal headquarters, regional offices, and other field locations and grantees have inadequate internal controls over their operations. As a result, there is insufficient assurance that Federal funds spent at these locations are spent for the purposes intended. In fact, during our testing of selected internal control systems, we found Federal funds and equipment that had been abused and misused at most locations visited.

GAO reports a total of 130,000 cases of fraud and other illegal acts alleged against 21 major agencies in the 2½ years ending March 31, 1979. The Comptroller General has stated that these problems occur because of the lack of adequate internal controls over particular tasks that must be performed. Surely, sound internal controls could have greatly reduced this number.

There is a pressing need to return to basics: Strong integrated systems of accounting and administrative controls

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to insure that Government employees know what to do and do it effectively, at funds are spent for what is intended, at maximum return is received for every dollar, and that services are delivered as promised.

In recent years, Congress has devoted considerable effort to making corporations and other private entities more accountable for their actions. In response to revelations concerning corporate bribery abroad, Congress enacted the Foreign Corrupt Practices Act. FCPA obligated the chief executive officers of corporations to verify that their corporations maintained internal control systems adequate to insure that such misuse of corporate funds was not occurring. Federal agency heads must be similarly accountable. It is necessary to convince Federal managers that the responsibility to deliver funds and services carries with it the obligation to do so in a financially responsible way. This requires blasting loose some ingrained attitudes. As Mr. Staats has said:

The reason internal control systems are in a state of disrepair is that top management has devoted most of its concern and emphasis to delivering funds and services and that effective controls over tasks and functions which lead to the delivery of these funds and services has had a low priority. Because of top management's insufficient concern for internal controls, middle management reflects this same indifference.

The legislation we introduce today would change that approach significantly. It provides that the head of each agency would be required by December 31 of each year, beginning in December 1982, to report on the adequacy of the agency's systems of internal accounting and administrative control. GAO and OMB are required to establish the format for such reports and, more importantly, to provide guidelines for performing control evaluations.

The agency heads would be required to certify that the agency's internal accounting and administrative control systems provided reasonable assurances that the objectives of internal accounting and administrative control as specified in the legislation were achieved. Any material weaknesses which prevent the agency head from expressing an unqualified opinion that those objectives were achieved must be identified and the plans and schedule for remedying those material weaknesses described in detail.

I am under no illusion that imposing these reporting requirements on agency heads will solve all the problems which have led to fraud and waste in Federal programs. However, if this legislation were enacted, I expect that the agency heads would assume more formal responsibility for the quality of the agency's internal accounting and administrative controls, with resulting improvements in agency operations likely from top to bottom. Enacting this legislation would also reflect Congress' recognition that the internal controls of Federal agencies are too important to be left to the accountants and auditors; literally billions of dollars are at stake, and the issue demands the attention of top management in the executive branch

as well as the continuing oversight of Congress.

Mr. President, I ask unanimous consent that the text of the legislation be printed in full in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 864

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Financial Integrity Act of 1981".

FINDINGS AND POLICY

SEC. 2. (a) The Congress hereby finds that—

(1) fraud, waste, and mismanagement have caused a serious crisis of confidence in Federal Government programs and agencies;

(2) fraud and errors in Federal programs are more likely to occur from a lack of effective systems of internal accounting and administrative control in the Federal agencies;

(3) effective systems of internal accounting and administrative control provide the basic foundation upon which a structure of public accountability must be built;

(4) effective systems of internal accounting and administrative control are necessary to provide assurance that Federal assets and funds are adequately safeguarded as well as to produce reliable financial information for the agency;

(5) systems of internal accounting and administrative control are necessarily dynamic and must be continuously evaluated and where necessary improved; and

(6) reports regarding the adequacy of the systems of internal accounting and administrative control of each Federal agency are necessary to enable the executive branch, the Congress, and the public to evaluate the agency's performance of its public responsibilities and accountability.

(b) It is hereby declared to be the policy of the United States that—

(1) each Federal agency must maintain effective systems of internal accounting and administrative control as an integral part of its management practices;

(2) the systems of internal accounting and administrative control of each Federal agency shall be evaluated on an ongoing basis and when detected, weaknesses must be promptly corrected; and

(3) all levels of management of the Federal agencies must involve themselves in assessing and strengthening the systems of internal accounting and administrative control to minimize fraud, errors, abuse, and waste of Government funds.

DEFINITIONS

SEC. 3. As used in this Act:

(a) The term "President" means the President of the United States.

(b) The term "Comptroller General" means the Comptroller General of the United States.

(c) The term "Director" means the Director of the Office of Management and Budget.

SEC. 4. Section 113 of the Accounting and Auditing Act of 1950, as amended (31 U.S.C. 68a), is amended by adding at the end thereof the following new subsection:

"(d) (1) To ensure that the requirements of subsection (a) (3) of this section are fully complied with, the head of each executive agency, which the Director determines to be covered by this subsection, shall prepare a report stating an opinion on the adequacy of the agency's systems of internal accounting and administrative control by December 31, 1982, and by December 31 following the end of each fiscal year thereafter.

"(2) The reports shall be signed by the

head of each executive agency and addressed to the President. Such reports shall also be made available to Congress and the public.

"(3) By December 31, 1981, the Comptroller General, in consultation with the Director, shall establish a system of reporting and a general framework to guide the agencies in performing evaluations on their systems of internal accounting and administrative control. The Comptroller General, in consultation with the Director, may modify the format for the report or the framework for conducting the evaluations from time to time as deemed necessary.

"(4) Internal accounting and administrative controls are to be defined by the Comptroller General, and shall provide reasonable assurances that—

"(i) all obligations and costs were in compliance with applicable law;

"(ii) all funds, property, and other assets were safeguarded against waste, loss, unauthorized use, or misappropriation; and

"(iii) all revenues and expenditures applicable to agency operations were properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

Any inadequacy or material weaknesses in an agency's systems of internal accounting and administrative control which prevents the head of the agency from stating that the agency's systems of internal accounting and administrative control provided reasonable assurances that each of the objectives specified above were achieved shall be identified and the plans and schedule for correcting any such inadequacy described in detail.

"(5) (A) The Inspector General of an executive agency or, if no Inspector General exists for an agency, the head of the internal audit staff, shall receive and investigate any allegation that an employee of the agency provided false or misleading information in connection with the evaluation of the agency's systems of internal accounting and administrative control or in connection with the preparation of the annual report on the systems of internal accounting and administrative control.

"(B) If, in connection with any investigation under subparagraph (A), the Inspector General or the head of the internal audit staff, as appropriate, determines that there is reasonable cause to believe that false or misleading information was provided, he shall report that determination to the head of the agency.

"(C) The head of the agency shall review any matter referred to him under subparagraph (B) and shall take action under chapter 76 of title 5, United States Code, or such other disciplinary or corrective action as he deems necessary."

• Mr. SASSER. Mr. President, I rise to state my support for S. 864, The Financial Integrity Act of 1981, which I am cosponsoring. My congratulations to my distinguished colleague, Senator TOM EAGLETON, for introducing this bill to require Federal agency heads to take the responsibility for the adequacy of their agency's management control system and to make annual reports on it.

Now, more than ever before, when we in the Congress are in the throes of a budget-cutting fervor unequalled in our history, every effort should be made to achieve savings through good husbandry of the available resources. To quote Congressman JACK BROOKS, the distinguished sponsor of similar legislation in the House:

Management accountability has appeal to both ends of the political spectrum. Those

who want to make severe cuts in the Federal budget view improved management as one means of making those cuts, while the beneficiaries of the programs that might be cut view better management as a means of reducing their losses.

There is plenty of room for improvement in management control. A GAO study, released last August, showed that weaknesses in the internal control of the agencies can be blamed for billions of dollars that are lost annually through fraud, waste, and abuse.

The internal controls suggested by the GAO study amount to basic good management principles. In a New York Times article, reporter Steve Lohr noted:

These weaknesses, the GAO suggests, can be corrected without the application of complex management systems or fancy computer technology. Rather, the use of even rudimentary accounting and auditing procedures would greatly help. For instance, the agency found that at some Health Services Administration offices, mail containing cash receipts was collected, logged in and processed by one person. Having more than one person count the money contained in cash-holding envelopes is probably the simplest possible kind of control; it is the example almost always used to illustrate to beginning auditing students what internal control is." (New York Times, March 29, 1981: "The Big Push Is On To Make Government Watch Its Money")

One of the more spectacular examples of a breakdown in internal control is the case of the Urban Mass Transit Administration accounting clerk who managed to embezzle \$800,000 by routinely adding this own name to the list of vouchers for payment which UMTA submitted to the Department of Treasury. That clerk would still be merrily driving Lincoln Continentals and giving large loans to his friends at the office if it had not been for an alert banker. The embezzler was regularly depositing large Federal checks, in amounts ranging between \$55,000 to \$315,000, in his bank account. It was the bank, not the agencies involved, that blew the whistle.

This case of fraud in the Federal agencies could have been avoided if internal control procedures had been instituted. The accounting clerk responsible for preparing the vouchers should not have had access to them after the certifying officer signed them. The officer doing the signing should have been more careful. And the vouchers themselves should have been marked so that additional entries could not be made. Yet, because simple procedures like these were not followed, \$800 thousand slipped out of the control of the agencies responsible for the money.

The legislation introduced by Senator EAGLETON today, with my cosponsorship, seeks to strengthen the internal controls maintained by the Federal agencies. It is one more check against fraud, waste, and abuse in Government programs. Its objectives are similar to several other initiatives I have sponsored, including the GAO hotline, a successful effort offering a nationwide, toll-free number that concerned citizens can call to report instances of fraud and wrongdoing.

Legislation I have cosponsored, S. 591, to establish better procedures for the collection of outstanding debts owed the

Federal Government, is another means of conserving resources through better management. I believe that these two bills go hand-in-hand in the effort to eradicate fraud, waste, and abuse through tighter controls.

We are already too far behind the private sector in instituting such basic management controls. Keeping an eye on the bottomline has not been the primary concern of the Government manager charged with delivering much-needed services. However, the time has come for government to take a leaf from the ledger of private business, insofar as it is possible. Then more of our precious resources can go into the programs, where they belong.

The introduction of the Financial Integrity Act of 1981 is a step toward tightening up the management of Federal programs throughout the Government. I am pleased to support this legislation. ●

● Mr. ROTH. Mr. President, I rise in support of the Financial Integrity Act of 1981. I commend Senator EAGLETON, the distinguished ranking member of the Governmental Affairs Committee, for his initiative in developing this legislation.

I believe this legislation, if implemented effectively, can help to improve the management of Federal programs and strengthen agency accounting systems. The bill has as its primary objective the improvement of internal agency control systems to prevent fraud, abuse, and waste in Government. The underlying premise of the bill is that inefficient or wasteful spending should be, to the greatest extent possible, prevented before it is allowed to happen. Greater efforts must be made to reduce to a minimum the opportunities for fraudulent activity and the ineffective financial procedures which exist in many Federal agencies. A little more care in designing agency administrative mechanisms can yield a great deal more savings down the road.

Mr. President, I view improvements in the efficiency of Government as a vital corollary to spending restraint. Simply stated, the Government must do more with what it has, and the elimination of fraud, abuse, and waste will make that possible. The Governmental Affairs will be considering a number of initiatives this year designed to improve the management of Federal programs. We plan to carefully consider the Financial Integrity Act and I look forward to working with the distinguished ranking member of the committee on the bill. ●

By Mr. PRYOR (for himself and Mr. BUMPERS):

S. 865. A bill to amend the Small Business Act to provide that any change in regulations affecting the disaster loan provisions of such act shall not apply to applications for disaster loan assistance received before the effective date of the change; to the Committee on Small Business.

EQUITY FOR DISASTER RELIEF LOAN APPLICANTS

● Mr. PRYOR. Mr. President, today I am introducing on behalf of myself and Senator BUMPERS' legislation which amends the Small Business Act to insure

equitable treatment of all applicants who have applied for loans under the emergency disaster relief program of that act. This bill provides that any change in regulations affecting the disaster loan provisions of this act would not apply to applications for disaster loan assistance received before the effective date of the change.

Let me take a minute to tell my colleagues about the recent actions which have prompted me to introduce this bill. As many of you may know, much of the United States was stricken by a devastating drought last summer. Many of our Nation's farmers suffered significant losses from this drought. The Small Business Administration declared much of the Southern region of the country a disaster area and implemented a disaster relief program.

The deadline for disaster relief applications was February 18, 1981. Almost a month later, on March 11, after some loans had been approved and funded, the Office of Management and Budget instructed the Small Business Administration to withhold further funding for disaster loan applications not yet approved.

Subsequently, on March 19, a new set of regulations governing disaster loans was issued by the Small Business Administration. The new rules reduced the amounts of physical disaster loans to not more than 60 percent of verified loss, imposed a credit elsewhere test on business disaster loans and limited economic injury loans to \$100,000.

Mr. President, farmers in Arkansas the State most severely affected by last summer's drought—as well as farmers in other affected States were caught completely by surprise since they had virtually been assured that this money would be forthcoming as a source of capital for planting this year's crop.

These farmers had met SBA's deadlines, filed their applications in good faith and were assured by everyone they talked to, including local SBA officials, that although approvals and funding might be a slow process, the money would eventually be forthcoming to fund approved loans.

These farmers had evidently read the same SBA literature that I had on the program. Nowhere could I find it written that the loans would be disbursed on a "first-come, first-served basis" as is the case with these loans.

The lack of employees to process the applications in a timely manner was not the fault of the farmers and yet they are being penalized for this, I am afraid.

Mr. President, in introducing this amendment I do not intend to argue the pros and cons of these new regulations, but rather point to the injustice done many farmers nationwide when the rules are changed in the middle of the game.

I have talked with many farmers lately who are in limbo about their future. Even if they should qualify for funding, they are not at all sure that the 60 percent will be enough to carry them through the year. Some who had arranged for temporary bridge loans at high interest rates to see them through until their SBA loan was approved, now